

## § 162.7

(3) Justified on the basis of a valid economic analysis done in accordance with DoD Instruction 7041.3.

(4) Validated as to reasonableness, completeness, and correct appropriation.

(5) Classified properly as having savings or cost avoidance benefits

(b) Include resources for PECE in programming documents and budget submissions. The level of funding shall be established under quality and productivity plans and goals established by the Component.

(c) Use guidelines for project documentation, pre-investment analysis, financing, and post-investment accountability of PECE projects, when DoD 5010.36-H is published.

(d) Classify PECE projects for financing and aggregated reporting as follows:

(1) *PIF projects*. PIF projects are competitively selected from candidate proposals and financed through traditional budget appropriation processes from funds set aside for this purpose. PIF projects must cost over \$100,000 and must amortize within 4 years from the date that they become operational. Both equipment and facilities investments that conform to public law, or DoD policies governing their qualification, may be included. Projects may include a function at several activities or locations and be Service-wide or Agency-wide. In FY 1994 the threshold will change to \$150,000.

(2) *PEIF projects*. PEIF projects are financed from the DoD Component accounts established in annual appropriations and are expected to amortize within 2 years of the date they become operational. Funding for PEIF projects shall be included in the DoD Component annual appropriations as a single amount to cover projects, as they are proposed throughout the budget year. PEIF projects cannot exceed \$100,000 or cost limitations established by the OSD (whichever is greater) and are limited to facility modification and acquisition of "off-the shelf" equipment requiring little or no modification before use. In FY 1994 the limit changes to \$150,000. Justification for those projects shall be based on the potential to improve quality and productivity that is realized through improvements in oper-

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ating methods, quality, processes, or procedures.

(3) *CSI*. CSI projects are investments financed from the DoD Component accounts that may have longer amortization periods than the PEIF and may have different DoD Component cost or benefit criteria than those specified for PIF projects. The CSI projects shall be identified and included in the DoD Component's annual budget.

### § 162.7 Information requirements.

(a) DoD Components shall submit to the ASD (FM&P), by December 15th of each year, an annual status report on all PECE programs as outlined in appendix A to this part. The DoD Components shall maintain the data at a central point to support reporting requirements.

(b) The Summary Report, "PECE Program Status," is assigned Report Control Symbol FM&P (A) 1561, in accordance with DoD Directive 7750.5.

### APPENDIX TO PART 162—REPORTING PROCEDURES

#### A. General

The PECE reporting requirements provide the OSD with summary information required to provide program accountability, and satisfy the congressional concerns on program management. Information may be submitted in memorandum, letter, or other acceptable form.

#### B. Information Requirements

1. *PIF*. Each DoD Component that has a funded PIF project must annually report summary PIF information. The information required for each project follows:

a. *Project Identification*. Provide the 11-digit code for each project that has been approved for desired funding, such as follows:

(1) A92BAxxxxxx

(a) "A" is for an Army project.

(b) "92" is for a FY92 project.

(c) "BA" is an Approved PIF project.

(d) "xxxxxx" is a DoD Component identifier.

(2) DoD Component PECE points of contact should establish identifiers to ensure each project is unique.

b. *Total Funds Provided*. For each project provide the cumulative amount of PECE funds invested in the project

c. *Total Amount Obligated*. For each project provide the cumulative amount of funds obligated against the project.

d. *Actual Savings*. For each project provide the cumulative actual savings generated.

e. *Projected Life-Cycle Savings.* For each PIF project provide the estimated amount of savings the project is projected to earn over the project's economic life.

f. *Projected Life-Cycle Cost Avoidance.* For each PIF project provide the estimated amount of cost avoidance the project is projected to achieve.

2. *PEIF.* Each DoD Component that has funded PEIF projects must annually report summary information that includes:

- a. *Total Number of Projects.*
- b. *Total Funds Provided.*
- c. *Total Amount Obligated.*
- d. *Total Projected Life-Cycle Savings.*
- e. *Total Projected Life-Cycle Cost Avoidance.*

3. *CSI.* Each DoD Component that has funded CSI projects must annually report summary information that includes:

- a. *Total Number of Projects.*
- b. *Total Funds Provided.*
- c. *Total Amount Obligated.*
- d. *Total Projected Life-Cycle Savings.*
- e. *Total Projected Life-Cycle Cost Avoidance.*

4. *PIA* Post-Investment assessments, articles, pictures, and brief description of projects and their results are encouraged and may be attached to the annual report or submitted throughout the year.

## PART 165—RECOUPMENT OF NON-RECURRING COSTS (NCs) ON SALES OF U.S. ITEMS

Sec.

- 165.1 Purpose.
- 165.2 Applicability.
- 165.3 Definitions.
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- 165.7 Waivers (including reductions).

AUTHORITY: 22 U.S.C. 2761(e)(1)(B); 22 U.S.C. 2761 (e)(2); and 22 U.S.C. 2767(b)

SOURCE: 78 FR 31400, May 24, 2013, unless otherwise noted.

### § 165.1 Purpose.

This part updates policy, responsibilities, and procedures to conform with 22 U.S.C. 2761(e)(1)(B), 2761 (e)(2), and 2767(b) (also known as “sections 21(e)(1)(B), 21(e)(2), and 27(b) of the Arms Export Control Act, as amended”) for calculating and assessing NC recoupment charges on sales of items developed for or by the Department of Defense to non-U.S. Government customers.

### § 165.2 Applicability.

(a) This part applies to the Office of the Secretary of Defense, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the “DoD Components”).

(b) This part does not apply to sales of excess property when accountability has been transferred to property disposal activities and the property is sold in open competition to the highest bidder.

### § 165.3 Definitions.

The following definitions apply to this part.

*Blanket waiver.* An NC recoupment charge waiver that is not related to a particular sale; for example, waivers for all sales to a country or all sales of a weapon system.

*Cooperative projects.* Defined in 22 U.S.C. 2767(b).

*Cost pool.* The total cost to be distributed across the specific number of units, normally the number of units produced plus those planned to be produced. The nonrecurring research, development, test, and evaluation cost pool comprises the costs described in the definition for nonrecurring research, development, test and evaluation costs in this section. The nonrecurring production cost pool comprises costs described in the definition for nonrecurring production costs.

*Foreign military sale.* A sale by the U.S. Government (U.S.G.) of defense items or defense services to a foreign government or international organization pursuant to 22 U.S.C. Chapter 39.

*Major defense equipment.* Any item of significant military equipment on the United States Munitions List having a nonrecurring research, development, test, and evaluation cost of more than 50 million dollars or a total production cost of more than 200 million dollars. The determination of whether an item meets the major defense equipment dollar threshold for research, development, test, and evaluation shall be